

Creating Generational Wealth



Objectives

- Money on my mind: Money mentality
- Many individuals are struggling with financial stress. Why?
- Top financial concerns
- Building a strong financial foundation
- How to build wealth





Money Mentality: It Starts with Your Mindset

- How you view money impacts your ability to live a financially stable life
- Money attitudes are formed early and influenced by childhood & life experiences
- By acknowledging and understanding the emotions you associate with money, you can set clear & realistic goals and make better financial decisions

It Starts with Your Money Mindset...



Entering the
workforce



Becoming
established



Saving & protecting
your assets



Retirement and
your legacy



Creating a Financial Strategy

Achieving Wealth vs Having Riches Requires a Strategy

- **Income:** *Do you understand your cash flow?*
- **Money Assignment:** *Do you have an emergency fund?*
- **Credit Report:** *Do you know your credit score and is it holding you back?*
- **Debt Accrual & Reduction:** *How do you accrue & manage your debt?*
- **Investment Strategy:** *What are the basics of investing?*
- **Retirement Plan:** *Are you prepared for Retirement?*
- **Legacy Plan:** *Will your loved ones be cared for when you are gone?*



Income Sources

- Job/Career
- Entrepreneurship
- Investment Income
- Inheritance
- Retirement
- Pension
- Social Security



➔ **Spending & Savings Plan**

- You CAN and MUST do it
- You control your money; your money doesn't control you
- Banking basics
- Critical to building wealth
- Requires being intentional
- Different from investing

Pay Yourself First

If you saved this much each week...



\$25

\$75

\$125

Compounded 4% Rate of Return

\$55,237

\$165,709

\$276,181

You could have this much in 25 years!*

* The compounding example is hypothetical and for illustrative purposes only and is not intended to represent performance of any specific investment, which may fluctuate. No taxes are considered in the calculations; generally, withdrawals are taxable at ordinary rates, and it assumes no withdrawals. **It is possible to lose money by investing in securities.** Assumes a 4% rate of return.

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Credit Report





➔ The 5 C's



Credit Character –
Credit history,
credit report,
credit score



Capital – Assets
available to put
towards the loan



Capacity –
Ability to repay
the loan



Collateral –
Something you can
provide as security



Conditions –
Determines whether
you qualify & terms
you receive

Credit Reporting Agencies

Equifax

Transunion

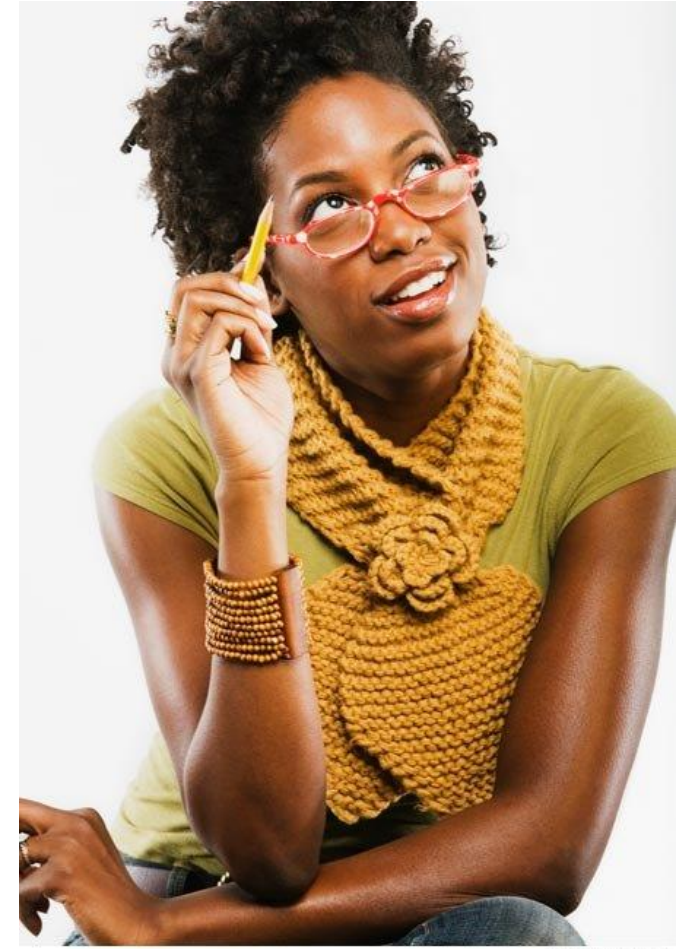
Experian

annualcreditreport.com

You are entitled to a free copy of your credit report every 12 months. There is a fee to receive your credit score.

Debt Reduction Strategy

- All debt is not bad debt
- Leveraging debt and the benefits
- Maintain good credit score
- Have a plan for paying off debt before you incur it
- Move from debt, delinquencies & deficits to dividends



credit: Getty




Protecting Your Assets

Reasons for Life Insurance

- Daily living expenses
- Home
- Education
- Final expenses
- Retirement
- Income replacement
- Debt elimination



Life Quick Estimator



**LIFE INSURANCE
QUICK ESTIMATOR**

How Much Life Insurance is Enough?

Client Name _____ Date _____

This worksheet provides a quick and simple method to estimate the amount of life insurance you may need.

INCOME

1. **Annual before-tax income your family would need if you died today**
Typically between six to ten times the amount of annual salary. Include all salaries, dividends, interest, and any other sources of income. \$ _____

2. **Annual income available to your family from other sources**
Include dividends, interest, and spouse's earnings. (Social Security may be available.) \$ _____

3. **Annual income to be replaced** (Subtract line 2 from line 1.) \$ _____

4. **Capital needed for income**
Multiply line 3 by the appropriate factor below. 10 years \$ _____

Years Income Needed	10	15	20	25	30	35	40	45	50
Factor ¹	5.4	13.6	17.5	21.3	24.5	27.7	30.6	33.3	35.9

EXPENSES

5. **Funeral² and other final expenses**
Estimates range from approximately \$8,000 to \$10,000. \$ _____

6. **Mortgage and other outstanding debts**
Include mortgage balance, credit card debt, car loans, home equity loans, etc. \$ _____

7. **College costs³** 2021-22, average estimated budgets range from \$18,830 for public two-year in-district students and \$27,330 for public four-year in-state students to \$44,150 for public four-year out-of-state students and \$55,800 for private nonprofit four-year students.

	Annual Amount	X	Number of Years to College =	Total Cost (\$)
CHSE 1		X		\$0
CHSE 2		X		\$0
CHSE 3		X		\$0
CHSE 4		X		\$0
CHSE 5		X		\$0
Total capital needed for college				\$0

8. **Total capital required** (Add lines 4, 5, 6 and 7) \$ _____

ASSETS

9. **Savings and investments**
Bank accounts, CDs, stocks, bonds, mutual funds, real estate/rental property, etc. \$ _____

10. **Retirement savings**
IRAs, 401(k) plans, SEPs, pension, and profit sharing plans \$ _____

11. **Present amount of life insurance**
Include group insurance and personal insurance purchased on your own \$ _____

12. **Total of all assets** (Add lines 9, 10, and 11.) \$ _____

13. **Estimated amount of additional life insurance needed** (Subtract line 12 from line 8.) \$ _____

¹ Source: <https://www.investopedia.com/articles/piv06/insureneeds.asp>.
² Inflation is assumed to be 2%. The rate of return on investments is assumed to be 4.5%. College costs are indexed at 4.5%.
³ <https://fina.org/news/statistics>. According to data published by the National Funeral Directors Association (NFDA), the median cost of a traditional funeral in the U.S. in 2021 is \$7,843. That number includes all of the typical expenses associated with funeral services, viewing, and burial. If you purchase a vault for the burial, the cost increases to \$9,420.
⁴ Source: The College Board, Trends in College Pricing 2021, Figure 1. Cost include tuition and fees, room and board, and allowances for books and supplies, transportation and other personal expenses for full-time undergraduate students. Trends in College Pricing and Student Aid 2022.

SAVE FORM


PRINT FORM

RESET FORM

GO TO PG 2

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Life Insurance Policy Options

Term versus Permanent

- Cost
- Duration
- Accumulation

Term Policies



Offer convenience and portability for short term protection needs

Permanent Policies



Can provide lifelong protection and features that can adapt to changes in your life

Types of Permanent Insurance Policies

- Whole Life
- Universal Life
 - Indexed Universal Life
 - Variable Universal Life
- Survivorship or Second-to-die





Types of Investments to Help Build Wealth

- Savings accounts
- CDs
- Individual stocks & bonds
- Mutual funds
- IRAs
- Roth IRAs
- Employer retirement plans
- Annuities

Takeaways for Building Your Wealth

- ✓ Change your mindset
- ✓ Create a spending plan
- ✓ Run your credit report
- ✓ Address your debt
- ✓ Start investing and do it with a plan
- ✓ Start planning for your legacy



Questions?

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